

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

March 16, 1999

FROM: CAROL SHEARER
Acting County Administrative Officer

**SUBJECT: AUTHORIZATION TO PURSUE \$250,000 IN PETROLEUM VIOLATION
ESCROW ACCOUNT (PVEA) FUNDS FOR PURCHASE OF COMPRESSED
NATURAL GAS (CNG) FUELING FACILITIES**

RECOMMENDATION: Authorize staff to pursue \$250,000 in PVEA funds through the State legislative process to be used for the purchase of CNG fueling facilities.

BACKGROUND INFORMATION: At the meeting of March 9, 1999, the Board approved a purchase agreement with Southern California Gas Company to purchase two CNG fueling facilities and set an Internal Service Fund (ISF) overhead rate of 38% to cover financing the purchase of the facilities as well as operation costs. These two facilities fuel the majority of the County's CNG fleet as well as CNG vehicles owned by other local government agencies.

In late February, Assembly member John Longville's office contacted the County's state legislative advocate inquiring if the county had any projects that would be eligible for PVEA funds that the Assemblyman could include in a 1999 PVEA bill, assuming funds were available. The PVEA is a repository of funds paid by several large gasoline refiners to settle federal lawsuits against those companies in the 1970's for certain anti-trust violations. Funds are allocated to the states, which have broad flexibility to appropriate these resources for local and statewide projects. The original settlement agreements require that the funds generally be used for one-time capital projects that reduces the use of petroleum based energy. The Governor's proposed 1999-2000 fiscal year budget proposes \$4 million to the PVEA. This amount is not sufficient to provide grants for project requests. However, if State revenues improve by the May revision of the proposed budget, the Governor may propose the entire repayment to PVEA in the amount of \$26 million. If this occurs grants will likely be made for qualifying projects.

The purchase of the two CNG fueling facilities is an appropriate use of PVEA funds and will benefit the county and other public agencies presently using facilities as public agencies across the country are under mandate to increase purchases of alternative fuel vehicles.

FINANCIAL IMPACT: If received, the \$250,000 will cover the full purchase costs of the two CNG fueling facilities. Revenues received from the CNG ISF rate will be set-aside for construction of new CNG fueling facilities elsewhere in the county.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Darren Kettle

Record of Action of the Board of Supervisors

--	--